Joint Committee on Taxation
#JCX-70-89
October 26, 1989

- Conference Comparison of H.R. 3299 -
ESTIMATED REVENUE EFFECTS OF REVENUE RECONCILIATION PROVISIONS
(Title XI of the House Bill and Title VI of the Senate Amendment)

Fiscal Years 1990-1994
[Millions of Dollars]

Item	HOUSE						SENATE					
	1990	1991	1992	1993	1994	1990-94	1990	1991	1992	1993	1994	1990-94
ITEMS WITH RESPECT TO WHICH MEMBERS OF THE WAYS AND MEANS AND FINANCE COMMITTEES ARE EXCLUSIVE CONFEREES												
IDENTICAL ITEMS												
1. Repeal financial institution (FSLIC & FDIC) tax benefits (P.L. 101-73) (1)	568	31	351	310	213	1,473	568	31	351	310	213	1,473
2. Require regulated investment companies (mutual funds) to distribute 98% of ordinary income to their shareholders	50	5	5	5	5	70	50	5	5	5	5	70
3. Require basis reduction for nontaxed portion of dividends on self-liquidating ("wasting") stock	6	10	11	12	13	52	6	10	11	12	13	52
4. Modify consolidated return excess loss account recapture rules to prevent shifting of basis to debt	54	69	61	52	42	278	54	69	61	52	42	278
5. Clarify Treasury regulation authority relating to bifurcation of an instrument into debt and equity portions (section 385) (2)	3	3	3	3	3	15	3	3	3	3	3	15
6. Require reporting to IRS of acquisitions and recapitalizations (2)	3	3	3	3	3	15	3	3	3	3	3	15
7. Require corporate estimated tax payments on tax liability for certain Subchapter S income (2)	25	3	3	3	3	37	25	3	3	3	3	37
8. Limit net operating loss carrybacks attributable to interest expense in certain circumstances	226	406	420	384	343	1,779	226	406	420	384	343	1,779
9. Change the sourcing of income of certain corporations in commonly-controlled groups	20	37	41	45	49	192	20	37	41	45	49	192
10. Impose income tax withholding on the wages of certain agricultural workers	270	68	21	22	23	404	270	68	21	22	23	404
11. Deny retroactive certification of WIN credit	38	28	12	--	--	78	38	28	12	--	--	78
SUBTOTAL: IDENTICAL ITEMS	1,263	663	931	839	697	4,393	1,263	663	931	839	697	4,393
NON-IDENTICAL ITEMS												
A. CORPORATE PROVISIONS												
1. Modify treatment of distributions by certain corporations filing consolidated returns	27	69	123	170	224	613	45	92	154	209	271	771
2. Modify treatment of certain high-yield original issue discount (OID) obligations	25	51	94	131	160	461	18	44	86	120	141	409
3. Limit nonrecognition treatment when securities are received in certain section 351 transactions	144	245	244	267	303	1,203	164	288	289	316	359	1,416
4. Provisions relating to regulated investment companies (RICs)												
a. Adjust basis for mutual fund load charge only if shareholder holds shares for required time period	14	28	13	5	3	63	28	46	22	7	5	108
b. Include dividends in income of RICs on ex-dividend date	110	20	20	20	20	190	110	20	20	20	20	190

J82-83
S362-33
H782-64

Item	HOUSE						SENATE					
	1990	1991	1992	1993	1994	1990-94	1990	1991	1992	1993	1994	1990-94
5. Reduce built-in gain or loss threshold of sections 382 and 384	195	233	277	298	307	1,310	59	163	208	229	239	898
6. Require Treasury study of "debt versus equity" and integration issues	--	--	--	--	--	---						
7. Limit interest deductions for earnings-stripping payments to related tax-exempt parties	28	38	44	47	49	206						
8. Exempt from corporate-level tax certain distributions made by cooperative housing corporations	-26	-33	-36	-39	-43	-177						
9. Modify treatment of safe-harbor leases entered into by rural electric cooperatives	-12	-7	-7	-7	-6	-39						
B. EMPLOYEE BENEFIT PROVISIONS												
1. Repeal section 89 and reinstate prior law	-154	-156	-170	-185	-202	-887						
2. Employee Stock Ownership Plans (ESOPs)												
a. Repeal partial exclusion for interest paid on ESOP loans if ESOP owns less than 30% of the employer's stock (section 133)	1,008	1,258	1,663	2,036	2,369	8,334	1,101	1,400	1,774	2,123	2,488	8,886
b. Repeal the deduction for dividends paid on employer securities obtained by an ESOP if ESOP owns less than 30% of the employer's stock (section 404(k))	307	404	536	657	765	2,669						
c. Impose 3-year holding period on seller to be eligible for tax-free rollover (section 1042) (2)	3	3	3	3	3	15						
d. Repeal special ESOP contribution limit (section 415(c)(6))	15	25	30	35	40	145						
e. Repeal assumption of estate tax liability by ESOP (section 2210) (2)	3	3	3	3	3	15						
f. Repeal ESOP estate tax deduction (section 2057)	57	142	21	10	10	240						
g. Repeal special ESOP net operating loss rule (section 382(l)(3)(C)) (2)	3	3	3	3	3	15						
3. Require exercise of Treasury regulatory authority with respect to full-funding limitation on a revenue-neutral basis	--	--	--	--	--	---						
4. Permit limited use of excess pension funds to pay current retiree health benefits (2)	266	465	176	-3	-3	901						
5. Limit contributions to pension plans for retiree medical benefits (section 401(h) accounts)	60	126	150	175	200	711	80	126	150	175	200	731
6. Modify rules affecting lump-sum distributions by certain pension plans	(3)	(3)	(3)	(3)	(3)	(4)						
C. FOREIGN PROVISIONS												
1. Conform tax years of controlled foreign corporations and foreign personal holding companies to the tax years of their U.S. shareholders	48	71	71	71	36	297	45	67	67	67	32	278
2. Improve information reporting by U.S. subsidiaries and branches of foreign corporations	60	80	85	90	95	410	55	75	80	85	90	385
3. Tax stock gains of certain foreign persons	2	5	6	35	50	98						
4. Repeal transition rule for certain high withholding tax interest	168	229	150	81	22	650						
5. Deny expensing for certain R&D not performed in the United States	43	81	68	57	47	296						
6. Modify interest allocation rules for foreign tax credit limitation purposes for certain financial services companies	-8	-12	-15	-15	-15	-65						
7. Treat certain foreign corporate dividends and deemed income inclusions as unrelated business taxable income (2)	3	3	3	3	3	15						
8. Exclude certain overseas allowances received by certain Department of Defense personnel	(3)	(3)	(3)	(3)	(3)	(4)						
D. EXCISE TAX PROVISIONS												
1. Aviation excise taxes												
a. Suspend Airport and Airway Trust Fund tax reduction trigger	851	565	--	--	--	1,416	851	211	--	--	--	1,062
b. Modify collection period of airline ticket tax	112	-54	2	2	2	64						
c. Increase air passenger international departure tax from $3.00 to $6.00 per person (5)							51	89	94	100	106	440

Item	HOUSE						SENATE					
	1990	1991	1992	1993	1994	1990-94	1990	1991	1992	1993	1994	1990-94
C. Impose $3.00-per-passenger tax on international departures by commercial ships (6)							5	7	8	8	8	36
D. Impose Oil Spill Liability Trust Fund petroleum tax at $0.03/barrel (cap at $300 million), without waiting for authorizing legislation	69	117	39	--	--	225	43	114	68	--	--	225
E. Impose tax on ozone-depleting chemicals subject to the Montreal Protocol (7)	396	579	771	1,195	1,550	4,495	384	560	753	1,171	1,442	4,310
5. Telephone excise tax												
a. Permanent extension	--	1,612	2,732	2,931	3,143	10,418						
b. Modify collection period of tax (100% speedup, effective for taxes billed by service producers after June 30, 1990)	102	5	5	6	6	124						
c. Exemption certificates	--	--	--	--	--	---						
6. Collection of gasoline excise tax												
a. Impose tax when gasoline is received at terminal	117	60	60	60	60	357						
b. Accelerate deposit requirement for gasoline excise tax												
7. Eliminate the excise tax imposed on the Inactivated Polio Vaccine, conditioned upon comparable changes to the vaccine compensation program	--	--	--	--	--	---	111	4	1	2	4	122
8. Modify taxation of bulk cigar imports	(3)	(3)	(3)	(3)	(3)	(4)						
F. LIKE KIND EXCHANGES												
1. Restrict like-kind exchange basis-shifting techniques between related parties	100	120	130	140	151	641	100	120	130	140	151	641
2. Limit like-kind exchanges to similar use property	143	222	273	325	378	1,341						
3. Amend holding period requirements (2)	3	3	3	3	3	15						
F. ACCOUNTING PROVISIONS												
1. Repeal remaining portion of completed contract method of accounting	171	390	262	116	28	967						
2. Modify treatment of costs of acquiring franchises, trademarks, and trade names	75	135	172	203	225	811	51	108	144	157	185	645
3. Adjust regular and alternative minimum tax treatment of installment sales of timeshares and residential lots by C corporations	-9	-12	-8	-4	-4	-37						
G. EMPLOYMENT TAX PROVISIONS												
Payroll Tax Speedup (2)	--	--	--	--	1,775	1,775						
H. MISCELLANEOUS PROVISIONS							800	3	3	3	3	812
1. Limit section 104 exclusion from income to amount received for personal injury	4	8	8	10	12	42						
2. Tax pre-contribution gain on certain in-kind partnership distributions	9	20	26	31	36	122						
3. Treat cellular telephones and other similar telecommunications equipment as "listed property"							6	12	16	19	20	73
4. Deny amortization of life estate in related-party joint purchases	2	10	14	18	24	68						
5. Require reporting of mortgage points by lender	3	5	9	14	22	53						
6. Codify tax exemption for Overseas Private Investment Corporation	2	5	5	5	5	22						
7. Permit use of tax return information by Department of Veterans Affairs	--	--	--	--	--	---						
8. Require IRS to provide notice of certain amounts withheld	--	--	--	--	--	---						
9. Modify treatment of investment-oriented life insurance contracts	--	--	--	--	--	---						
10. Increase Joint Committee on Taxation refund review threshold to $1 million	(8)	(8)	1	1	1	3						
11. Require Treasury study of IRS private letter ruling process	--	--	--	--	--	---						
12. Provide for nonrecognition of capital gains on divestments of property pursuant to Federal ethics requirements	--	--	--	--	--	---						
13. Modify rules concerning recapture of bad-debt reserves of mutual savings banks and other thrift institutions	(3)	(3)	(3)	(3)	(3)	(4)						
							1	3	10	13	20	47

Item	HOUSE 1990	1991	1992	1993	1994	1990-94	SENATE 1990	1991	1992	1993	1994	1990-94
14. Modify treatment of certain timber activities of individuals under the passive loss rules	-12	-43	-47	-52	-57	-211						
15. Rehabilitation tax credit												
a. Modify rehabilitation tax credit under passive loss rule	-8	-21	-29	-39	-48	-145						
b. Treat certain relocated buildings as qualifying property	-2	--	--	--	--	-2						
I. TAX-EXEMPT BOND PROVISIONS												
1. Allow use of multifamily residential rental bonds for transitional housing	--	--	-1	-2	-2	-5						
2. Allow issuers of certain qualified mortgage bonds additional time to elect to rebate arbitrage	2	2	1	(3)	(3)	5						
3. Impose restrictions on hedge bonds	3	8	14	23	29	77						
4. Expand 6-month exception to tax-exempt bond arbitrage rebate rules	-5	-11	-16	-19	-23	-74						
5. Modify placed-in-service date for certain tax-exempt bond-financed property	(3)	(3)	(3)	(3)	(3)	(4)						
J. MODIFICATIONS TO THE CORPORATE ALTERNATIVE MINIMUM TAX												
1. Adjusted current earnings (ACE)												
a. Eliminate book backstop	-388	-590	-575	-538	-560	-2,650						
b. Allow DRD from ACE for 80% or more stock ownership	-5	-7	-6	-5	-5	-28						
c. Allow DRD from ACE for 20%-80% stock ownership	-15	-24	-20	-17	-14	-90						
d. Exclude certain cooperative foreign sales corporations (FSCs) from ACE	-2	-3	-3	-3	-3	-14						
e. Other ACE changes (2)	-3	-3	-3	-3	-3	-15						
2. Other minimum tax changes												
a. Allow residential construction firms to use CCM for AMT	--	-5	-5	-5	-5	-20						
b. Eliminate individual R&E preference for all non-corporate entities if material participation by owner/partner	--	-4	-14	-14	-14	-46						
c. Permit certain corporations with 100% foreign income to use 100% of foreign tax credits for AMT purposes (income earned after date)	-2	-5	-5	-5	-5	-22						
d. Allow carryover of orphan drug credit for minimum tax purposes	-1	-2	-1	-1	--	-5						
e. Allow exclusion preferences as credits	--	-24	-61	-92	-119	-296						

K. EXTENSION OF EXPIRING PROVISIONS	Code Section	Current-Law Expiration	1990	1991	1992	1993	1994	1990-94	1990	1991	1992	1993	1994	1990-94
1. Employer-provided education assistance	Sec. 127	12/31/88	-439	-316	-96	--	--	-851						
2. Targeted jobs tax credit	Sec. 51	12/31/89	-47	-134	-144	-80	-37	-442						
3. Mortgage revenue bonds	Sec. 143	12/31/89	-11	-55	-117	-145	-143	-471						
4. Small-issue manufacturing bonds	Sec. 144	12/31/89	-7	-39	-80	-78	-76	-280						
5. Business energy credit for geothermal property	Sec. 46	12/31/89	-44	-60	-18	4	3	-115						
6. Health insurance for self-employed	Sec. 162(l)	12/31/89	-244	-411	-151	--	--	-806						
7. Low-income housing credit (with modifications)	Sec. 42	12/31/89	-80	-335	-685	-1,067	-1,460	-3,627						
8. Research and experimentation credit (with modifications)	Sec. 41	12/31/89	-398	-782	-968	-1,063	-1,194	-4,406						
9. Research and experimentation cost allocation rules (64% allocation; effective for taxable years beginning after August 1, 1989)	Sec. 864(f)	*	-335	-625	-708	-772	-837	-3,277						
L. REVISION OF CIVIL PENALTIES														
Penalty reform			--	-51	-82	-58	-25	-216						

Item	HOUSE 1990	1991	1992	1993	1994	1990-94	SENATE 1990	1991	1992	1993	1994	1990-94
M. INDIVIDUAL CAPITAL GAINS												
1. Reduction in capital gains rate												
a. Provide a maximum tax rate on long-term capital gains of 28% beginning on January 1, 1992 (9)	--	--	-36	-121	-177	-334						
b. Provide a 30% capital gains exclusion for dispositions from September 14, 1989, through December 31, 1991	2,871	3,813	2,733	-5,506	-4,788	-877						
2. Index the cost basis of certain capital assets acquired after December 31, 1991 (10)	(3)	(3)	(3)	-96	-212	-308						
N. OTHER PROVISIONS (TECHNICALS INVOLVING REVENUE EFFECT)												
1. Marital deduction for property passing to noncitizen spouses	-5	-12	-11	-7	-7	-42						
2. Coordination of foreign tax credit and tax on lump-sum distributions	(3)	(3)	(3)	(3)	(3)	(4)						
O. TECHNICAL CORRECTIONS	--	--	--	--	--	--						
ITEMS WITH RESPECT TO WHICH MEMBERS OF THE WAYS AND MEANS OR FINANCE COMMITTEES ARE JOINT CONFEREES												
P. CHILD CARE AND EARNED INCOME TAX CREDIT PROVISIONS												
1. Expand earned income tax credit												
a. Adjustments for family size (3+): phasein 17%, 21%, 25%; phaseout 12%, 15%, 18%	--	-296	-2,878	-3,092	-3,315	-9,581						
b. Supplemental for children under 6 years old: phasein 6%; phaseout 4.25%	--	-119	-1,194	-1,274	-1,358	-3,945						
2. Expand Title XX block grant for child care services (11)	-120	-266	-362	-394	-400	-1,542						
SUBTOTAL: NON-IDENTICAL ITEMS	5,242	6,744	2,492	-5,513	-2,995	5,950	4,108	3,552	4,077	4,964	5,784	22,485
SUBTOTAL: IDENTICAL ITEMS	1,263	663	931	839	697	4,393	1,263	663	931	839	697	4,393
SUBTOTAL: NON-IDENTICAL ITEMS	5,242	6,744	2,492	-5,513	-2,995	5,950	4,108	3,552	4,077	4,964	5,784	22,485
GRAND TOTALS:	6,505	7,407	3,423	-4,674	-2,298	10,343	5,371	4,215	5,008	5,803	6,481	26,878

Joint Committee on Taxation

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* Rules expire 4 months after start of a firm's first tax year beginning after 8/1/87.
(1) Estimate reflects net budget effects (including outlay effects as estimated by the Congressional Budget Office).
(2) For the purpose of this table, items previously estimated as less than $5 million are assigned an arbitrary amount of $3 million.
(3) Negligible loss.
(4) Total is not available for estimates represented by footnotes.
(5) Under the Senate Commerce, Science, and Transportation Committee amendment (Title III), the Secretary of Transportation is to collect a fee of $3 per person on each departing international flight during FY 1990 (in addition to the existing $3-per-person tax).
(6) Under the Senate Commerce, Science, and Transportation Committee amendment (Title III), the Secretary of Transportation is to collect a fee of $3 per person for certain international departures of ship passengers (including passengers engaged in gambling on vessels offshore) during FY 1990.
(7) Under the Senate Environment and Public Works Committee amendment (Title IV), the EPA Administrator is to impose production, importation, and distribution fees on certain ozone-depleting chemicals.
(8) Negligible gain.
(9) Estimate assumes enactment of items M.1.b., and M.2.
(10) Estimate assumes enactment of item M.1.b.
(11) Outlay estimates provided by the Congressional Budget Office.